

1999 ASSEMBLY BILL 505

October 5, 1999 – Introduced by Representatives SKINDRUD, FREESE, F. LASEE, AINSWORTH, STONE, PLOUFF, ALBERS and BLACK, cosponsored by Senator ERPENBACH. Referred to Committee on State Affairs.

- 1 **AN ACT *to renumber and amend* 125.52 (1); *to amend* 125.68 (2); and *to create***
2 **125.52 (1) (b) 2. of the statutes; *relating to:* sales of fruit-based intoxicating**
3 **liquor for consumption on the premises where manufactured or rectified.**

Analysis by the Legislative Reference Bureau

Under current law, alcohol beverages are generally distributed to consumers under a three-tier distribution system: the manufacturer may sell only to a wholesaler or rectifier (a person who blends, refines or purifies distilled spirits or wines); the wholesaler or rectifier may sell only to a wholesaler or to a retailer; the retailer may sell only to the consumer. With specific exceptions, no person may sell outside the three-tier system and no person may sell alcohol beverages to a consumer unless the seller possesses a license or permit authorizing the sale. Specific exceptions allow a brewer to provide beer free of charge, for consumption on the brewery premises, to customers and visitors; allow a brewer to maintain up to two locations on which the brewer may sell beer directly to consumers, for consumption on the premises; and allow a winery to provide taste samples free of charge on winery premises.

This bill creates an exception to allow a manufacturer or rectifier to sell directly to consumers, for consumption on or off the premises where sold, intoxicating liquor that is manufactured or rectified on the premises, if the intoxicating liquor is manufactured or rectified exclusively from fermented fruit juice, such as brandy. Intoxicating liquor made from or containing grain may not be sold under this exception. Like the requirements that apply to the sale of alcohol beverages to be

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consumed on the premises where sold, this bill requires that the licensed person, or a person possessing an operator's license or manager's license, be on the premises whenever such sales are made. The bill also allows the department of revenue to regulate sales under this exception, but the regulations must be consistent with requirements that apply to "Class B" licensees (persons licensed to sell intoxicating liquor to be consumed on the premises, such as taverns).

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 125.52 (1) of the statutes is renumbered 125.52 (1) (a) and amended
2 to read:

3 125.52 (1) AUTHORIZED ACTIVITIES. (a) The department shall issue
4 manufacturers' and rectifiers' permits which authorize the manufacture or
5 rectification, respectively, of intoxicating liquor on the premises covered by the
6 permit. A person holding a manufacturer's or rectifier's permit may manufacture,
7 bottle or wholesale wine, pursuant to the terms of the permit, without procuring a
8 winery permit.

9 (b) 1. A manufacturer's or rectifier's permit entitles the permittee to sell
10 intoxicating liquor from the premises described in the permit. Holders of rectifiers'
11 permits may sell intoxicating liquor rectified by the permittee to retailers without
12 any other permit. No Except as provided in subd. 2., no sales may be made for
13 consumption on the premises of the permittee.

14 3. Possession of a permit under this section does not authorize the permittee
15 to sell tax-free intoxicating liquor and wines brought into this state under s. 139.03
16 (5).

17 **SECTION 2.** 125.52 (1) (b) 2. of the statutes is created to read:

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1 125.52 (1) (b) 2. A manufacturer's or rectifier's permit authorizes the retail sale
2 of intoxicating liquor that is manufactured or rectified on the premises and that is
3 manufactured or rectified exclusively from fermented fruit juice. The department
4 may prescribe additional regulations for the sale of intoxicating liquor under this
5 subdivision, if the additional regulations do not conflict with the requirements
6 applicable to holders of "Class B" licenses.

7 **SECTION 3.** 125.68 (2) of the statutes is amended to read:

8 125.68 (2) OPERATORS' LICENSES; "CLASS A", "CLASS B" OR, "CLASS C" AND OTHER
9 PREMISES. Except as provided under s. 125.07 (3) (a) 10., no premises operated under
10 a "Class A" or "Class C" license or under a "Class B" license or permit may be open
11 for business, and no person who holds a manufacturer's or rectifier's permit may
12 allow the sale of intoxicating liquor on the manufacturing or rectifying premises as
13 provided in s. 125.52 (1) (b) 2., unless there is upon the premises either the licensee
14 or permittee, the agent named in the license or permit if the licensee or permittee is
15 a corporation or limited liability company, or some person who has an operator's
16 license and who is responsible for the acts of all persons selling or serving any
17 intoxicating liquor to customers. An operator's license issued in respect to a vessel
18 under s. 125.51 (5) (c) is valid outside the municipality that issues it. For the purpose
19 of this subsection, any person holding a manager's license issued under s. 125.18 or
20 any member of the licensee's or permittee's immediate family who has attained the
21 age of 18 shall be considered the holder of an operator's license. No person, including
22 a member of the licensee's or permittee's immediate family, other than the licensee,
23 permittee or agent may serve or sell alcohol beverages in any place operated under
24 a "Class A" or "Class C" license or under a "Class B" license or permit unless he or
25 she has an operator's license or is at least 18 years of age and is under the immediate

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SECTION 3

1 supervision of the licensee, permittee or agent or a person holding an operator's
2 license, who is on the premises at the time of the service.

3 (END)